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FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON, D.C. 20554

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June 30, 1994

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

The Honorable Butler Derrick  
U.S. House of Representatives  
221 Cannon House Office Building  
Washington, DC 20515-4003

Dear Congressman Derrick:

This letter is in further response to the May 20, 1994 letter you co-signed with 63 other Members of Congress regarding the Commission's consideration of the competitive award structure for emerging wireless technologies such as personal communications services (PCS). That letter specifically addressed the need to provide an opportunity for small businesses, rural telephone companies, and businesses owned by minorities and women to participate in providing these services.

At its meeting yesterday, the Commission adopted service-specific rules for broadband PCS. Beyond setting the rules for the auction of the spectrum, the Commission adopted a "Competitive Opportunity Plan" under which two "entrepreneurs' blocks," together consisting of 986 30 MHz and 10 MHz Basic Trading Area licenses, have been established. Bidding eligibility for these blocks will be limited so as to afford smaller businesses, including those owned by minorities and women, the ability to participate in the auctions without facing competition from the largest of companies. Within the entrepreneurial blocks, the Commission established a range of provisions to address the most challenging entry barrier to these entities - access to capital. These provisions include bidding credits, installment payment plans, tax certificates and relaxed attribution standards for businesses owned by small business and minorities.

The Commission has sought to implement the Congressional intent of Section 309(j) of the Communications Act passed by Congress in August 1993, to bring tangible opportunity to those who have historically been precluded from providing telecommunications services and has sought to ensure that this opportunity be an enduring one where competition and participation by all segments of society emerge as the standard. Enclosed is a summary of the Commission's action. If you would like a copy of the written order when it is released or any additional information, please do not hesitate to call me. My phone number is 418-1903.

Sincerely,

Judith L. Harris  
Director of Legislative Affairs

Enclosure

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FRS  
Auctions  
PV  
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**Congress of the United States**  
**House of Representatives**  
**Washington, DC 20515**

May 20, 1994

The Honorable Reed Hundt  
Chairman  
Federal Communications Commission  
1919 M Street, N.W. Room 814  
Washington, D.C. 20554

Dear Chairman Hundt:

We are concerned with recent indications that the Federal Communications Commission (FCC) may not be fully implementing Section 309(j) of the Communications Act passed by Congress in August 1993, granting the Commission authority to conduct auctions for licensing radio spectrum for the emerging Personal Communications Services (PCS) industry.

Congress specifically designed subsection 4(D) of Section 309(j) to ensure that women and minority owned firms, small businesses, and rural telephone companies are given an equal opportunity to participate in the PCS bidding process. As you know, PCS will create a massive new telecommunications market representing an historic opportunity to expand the ownership and control of our telecommunications industry to include all citizens.

Given the estimated costs of establishing a PCS network and purchasing licenses, it is our belief that the Commission must implement four essential mechanisms so minority and women owned firms (having at least 50.1 percent equity ownership and 50.1 percent controlling interest) and small businesses, including rural telephone companies, have access to the necessary capital to compete in the PCS market. These mechanisms are: frequency set-asides; installment payments; tax certificates; and bidding credits. Anything short of these devices, particularly set-asides, would fail to properly and fully implement the provisions of Section 309(j)(4)(D) of the Communications Act and would have the likely effect of barring minority, women, and small business entry into the PCS market.

While the March 8, 1994 FCC regulations on competitive bidding for narrowband radio spectrum included some provisions for women, small businesses, and minority participation, the Commission did not treat these entities in a balanced manner, and failed to address rural telephone companies specifically. By failing to categorically and uniformly adopt spectrum set-asides on an MTA basis, tax

The Honorable Reed Hundt  
May 20, 1994  
Page two

certificates, installment payments and bidding credits, the Commission falls short of complying with its congressional mandate to ensure fair opportunities for small business, including rural telephone companies, minorities and women in this new form of communication.

Compliance with Congressional intent is critical to ensure that the designated entities have access to participate in this emerging industry. We trust that you will look into this matter and address our concerns before the promulgation of auction rules for broadband PCS. We would also welcome your assurance that the Commission will pursue a strategy to suitably improve the problems we have raised.

Thank you for your attention to this matter. We look forward to your response.

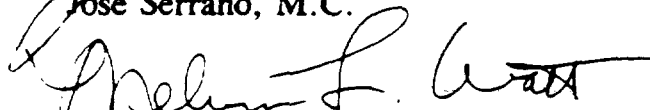
Sincerely,

  
Bill Richardson, M.C.

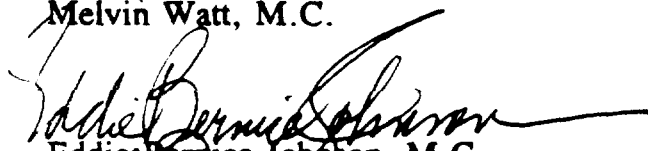
  
Patricia Schroeder, M.C.

  
Jose Serrano, M.C.

  
Major Owens, M.C.


  
Melvin Watt, M.C.

  
Ilse Ros-Lehtinen, M.C.

  
Eddie Bernice Johnson, M.C.


  
Robert Torricelli, M.C.

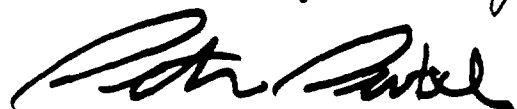
  
Lincoln Diaz-Balart, M.C.

  
Nancy Johnson, M.C.

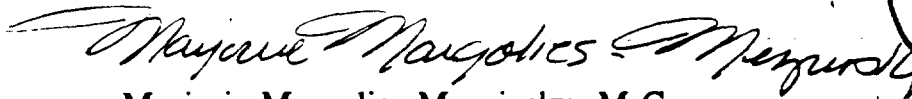
  
Carlos Romero-Barcelo, M.C.

  
Frank McCloskey, M.C.

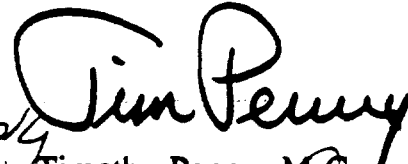
  
Robert Menendez, M.C.

  
Peter Deutsch, M.C.

The Honorable Reed Hundt  
May 20, 1994  
Page three



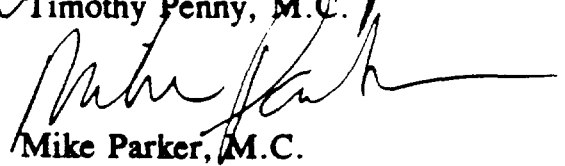
Marjorie Margolies-Mezvinsky, M.C.



Timothy Penny, M.C.



Bernard Sanders, M.C.



Mike Parker, M.C.



Robert C. Scott, M.C.

BILL RICHARDSON  
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SELECT COMMITTEE ON INTELLIGENCE  
HELSINKI COMMISSION  
ON HUMAN RIGHTS

**Congress of the United States**  
**House of Representatives**  
**Washington, DC 20515-3103**

May 27, 1994

The Honorable Reed Hundt  
Chairman  
Federal Communications Commission  
1919 M Street, N.W. Room 814  
Washington, D.C. 20554

Dear Chairman Hundt:

I am enclosing the signatures of 44 additional members of Congress who would like to add their names to the letter regarding Personal Communications Services auction rules for the designated entities which I, along with 18 members, sent to you on May 20. A copy of the original letter is also attached.

I apologize for the hasty presentation of the additional signatures, but I believe that Congressional support for the strategy outlined in the attached letter is clear. Please contact me if I can provide you further information.

With warm regards,

A handwritten signature in cursive script, appearing to read "Bill".

Bill Richardson  
Chief Deputy Majority Whip

BR/mm

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Gerald Kleczka, M.C.

*Ben Gilman*

Ben Gilman, M.C.

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Ed Pastor, M.C.

*Steny Hoyer*

Steny Hoyer, M.C.

*Bart Stupak*

Bart Stupak, M.C.

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Pete Peterson, M.C.

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David Skaggs, M.C.

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Bob Wise  
Bob Wise, M.C.

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Tim Johnson  
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Michael Kopetski  
Michael Kopetski, M.C.

Jerrold Nadler  
Jerrold Nadler, M.C.

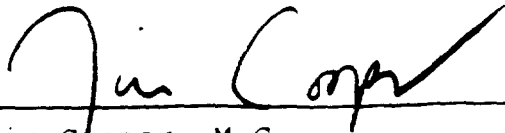
Barney Frank  
Barney Frank, M.C.

Sam Giddenson  
Sam Giddenson, M.C.

Howard Berman  
Howard Berman, M.C.

Bruce Vento  
Bruce Vento, M.C.

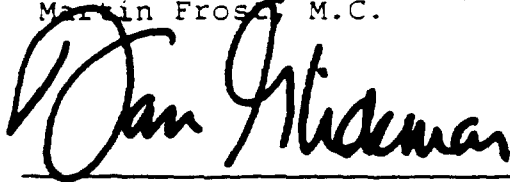
Charlie Foy



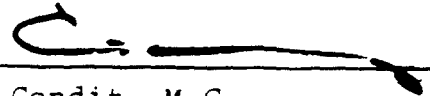
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Martin Frost, M.C.



Dan Glickman, M.C.



Gary Condit, M.C.



Richard Durbin, M.C.